

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2486

(Reference to printed bill)

Strike everything after the enacting clause and insert:

"Section 1. Section 6-126, Arizona Revised Statutes, is amended to read:

6-126. Application fees for financial institutions and enterprises

A. The following nonrefundable fees are payable to the department with the filing of the following applications:

1. To apply for a banking permit, ten thousand dollars.
2. To apply for an amendment to a banking or savings and loan association permit, one thousand dollars.
3. To establish each banking branch office, one thousand five hundred dollars.
4. To move a banking office to other than an established office of a bank, one thousand dollars.
5. To apply for a savings and loan association permit, ten thousand dollars.
6. To establish each savings and loan association branch office, one thousand five hundred dollars.
7. To move an office of a savings and loan association to other than an established office, one thousand dollars.
8. To organize and establish a credit union, one hundred dollars.
9. To establish each credit union branch or credit union freestanding automated teller machine or to move a credit union office to other than an established office of a credit union, two hundred fifty dollars.
10. To organize and establish any other financial institutions for which an application or investigation fee is not otherwise provided by law, two thousand five hundred dollars.
11. To acquire control of a financial institution, other than a consumer lender, five thousand dollars.

12. To apply for a trust company license, five thousand dollars.
13. To apply for a commercial mortgage banker, mortgage banker, escrow agent or consumer lender license, one thousand five hundred dollars.
14. To apply for a mortgage broker, **COMMERCIAL MORTGAGE BROKER**, sales finance company or debt management company license, eight hundred dollars.
15. To apply for a collection agency license, one thousand five hundred dollars.
16. To apply for a deferred presentment company license, one thousand dollars.
17. To apply for a motor vehicle dealer license, three hundred dollars.
18. To apply for a branch office of an escrow agent, consumer lender, commercial mortgage banker, mortgage banker, trust company, money transmitter, collection agency or deferred presentment company, five hundred dollars.
19. To apply for a branch office of a mortgage broker, **COMMERCIAL MORTGAGE BROKER**, debt management company or sales finance company, two hundred fifty dollars.
20. To apply for approval of the articles of incorporation of a business development corporation, five hundred dollars.
21. To establish each freestanding automated teller machine, not otherwise provided by law, five hundred dollars.
22. To apply for approval for the merger or consolidation of two or more financial institutions, five thousand dollars per institution.
23. To apply for approval to convert from a national bank or federal savings and loan charter to a state chartered institution, five thousand dollars.
24. To apply for approval to convert from a federal credit union to a state chartered credit union, one thousand dollars.
25. To apply for approval to merge or consolidate two or more credit unions, five hundred dollars per credit union.
26. To move an established office of an enterprise to other than an established office, fifty dollars.

1           27. To issue a duplicate or replace a lost enterprise's license, one  
2 hundred dollars.

3           28. To change a responsible person on a mortgage broker's, **COMMERCIAL**  
4 **MORTGAGE BROKER'S**, commercial mortgage banker's or a mortgage banker's  
5 license, two hundred fifty dollars.

6           29. To change an active manager on a collection agency license or a  
7 manager of a money transmitter branch office license, two hundred fifty  
8 dollars.

9           30. To change the licensee name on a financial institution or  
10 enterprise license, two hundred fifty dollars.

11           31. To apply for a money transmitter license, one thousand five hundred  
12 dollars plus twenty-five dollars for each branch office and authorized  
13 delegate to a maximum of four thousand five hundred dollars.

14           32. To acquire control of any money transmitter or controlling person  
15 pursuant to chapter 12 of this title, two thousand five hundred dollars.

16           33. To receive the following publications:

17           (a) Quarterly bank and savings and loan statement of condition, not  
18 more than ten dollars per copy.

19           (b) Monthly summary of actions report, not more than five dollars per  
20 copy.

21           (c) A list of licensees, a monthly pending actions report and all  
22 other in-house prepared reports or listings made available to the public, not  
23 more than one dollar per page.

24           34. To apply for a loan originator license, an amount to be determined  
25 by the superintendent.

26           **35. TO APPLY FOR A LOAN ORIGINATOR LICENSE TRANSFER, AN AMOUNT TO BE**  
27 **DETERMINED BY THE SUPERINTENDENT.**

28           B. On issuance of a license or permit for a financial institution or  
29 enterprise, the superintendent shall collect the first year's annual  
30 assessment or renewal fee for the financial institution or enterprise  
31 prorated according to the number of quarters remaining until the date of the  
32 next annual assessment or renewal.

- 1           C. The following annual renewal fees shall be paid each year:
- 2           1. For an escrow agent, or trust company, one thousand dollars plus
- 3 two hundred fifty dollars for each branch office.
- 4           2. For a debt management company or sales finance company, five
- 5 hundred dollars plus two hundred dollars for each branch office.
- 6           3. For a collection agency, six hundred dollars plus two hundred
- 7 dollars for each branch office.
- 8           4. For a motor vehicle dealer, one hundred fifty dollars.
- 9           5. For an inactive mortgage broker OR COMMERCIAL MORTGAGE BROKER, two
- 10 hundred fifty dollars.
- 11           6. For a mortgage banker that negotiates or closes in the aggregate
- 12 one hundred loans or less in the immediately preceding calendar year, seven
- 13 hundred fifty dollars, and for a mortgage banker that negotiates or closes in
- 14 the aggregate over one hundred loans in the immediately preceding calendar
- 15 year, one thousand two hundred fifty dollars. In addition, a mortgage banker
- 16 shall pay two hundred fifty dollars for each branch office.
- 17           7. For a commercial mortgage banker, one thousand two hundred fifty
- 18 dollars. In addition, a commercial mortgage banker shall pay two hundred
- 19 fifty dollars for each branch office.
- 20           8. For a mortgage broker OR COMMERCIAL MORTGAGE BROKER that negotiates
- 21 or closes in the aggregate fifty loans or less in the immediately preceding
- 22 calendar year, two hundred fifty dollars and for a mortgage broker OR
- 23 COMMERCIAL MORTGAGE BROKER that negotiates or closes in the aggregate more
- 24 than fifty loans in the immediately preceding calendar year, five hundred
- 25 dollars. In addition, a mortgage broker OR COMMERCIAL MORTGAGE BROKER shall
- 26 pay two hundred dollars for each branch office.
- 27           9. For a consumer lender, one thousand dollars plus two hundred
- 28 dollars for each branch office.
- 29           10. For a money transmitter, five hundred dollars plus twenty-five
- 30 dollars for each branch office and each authorized delegate to a maximum of
- 31 two thousand five hundred dollars.

1           11. For a deferred presentment company, four hundred dollars. In  
2 addition, a deferred presentment company shall pay two hundred dollars for  
3 each branch office.

4           12. For a loan originator, an amount to be determined by the  
5 superintendent.

6           13. For an inactive status loan originator, an amount to be determined  
7 by the superintendent.

8           ~~14. For a loan originator license transfer, an amount to be determined~~  
9 ~~by the superintendent.~~

10           D. The license, renewal or branch office permit fee for a premium  
11 finance company for each calendar year or part thereof shall not be less than  
12 one hundred dollars or more than three hundred dollars as set by the  
13 superintendent. If the license is issued or the branch office is opened  
14 after June 30 in any year, the fees shall not be less than fifty dollars or  
15 more than one hundred fifty dollars for that year.

16           Sec. 2. Section 6-901, Arizona Revised Statutes, is amended to read:

17           6-901. Definitions

18           In this article, unless the context otherwise requires:

19           1. "Affiliate" means an entity which directly or indirectly, through  
20 one or more intermediaries, controls, is controlled by or is under common  
21 control with the entity specified.

22           2. "COMMERCIAL MORTGAGE BROKER" MEANS A PERSON WHO FOR COMPENSATION OR  
23 IN THE EXPECTATION OF COMPENSATION EITHER DIRECTLY OR INDIRECTLY MAKES,  
24 NEGOTIATES OR OFFERS TO MAKE OR NEGOTIATE A COMMERCIAL MORTGAGE LOAN.

25           3. "COMMERCIAL MORTGAGE LOAN" MEANS A LOAN THAT IS DIRECTLY OR  
26 INDIRECTLY SECURED BY A MORTGAGE OR DEED OF TRUST OR ANY LIEN INTEREST ON  
27 COMMERCIAL PROPERTY AND THAT IS CREATED WITH THE CONSENT OF THE OWNER OF THE  
28 COMMERCIAL PROPERTY.

29           4. "COMMERCIAL PROPERTY" MEANS REAL PROPERTY THAT IS NOT A RESIDENTIAL  
30 DWELLING OF ONE TO FOUR UNITS.

31           ~~2.~~ 5. "Compensation" means anything of value or any benefit,  
32 including points, commissions, bonuses, referral fees, loan origination fees

1 and other similar fees but excluding periodic interest resulting from the  
2 application of the note rate of interest to the outstanding principal balance  
3 remaining unpaid from time to time.

4 ~~3.~~ 6. "Continuing education unit" means a fifty minute period of time  
5 in a continuing education course that relates to the mortgage industry or to  
6 mortgage transactions, including courses taken to maintain recognized  
7 industry designations.

8 ~~4.~~ 7. "Investor" means a person who lends or invests money in  
9 mortgage loans.

10 ~~5.~~ 8. "License" means a license issued under this article.

11 ~~6.~~ 9. "Licensee" means a person licensed under this article.

12 ~~7.~~ 10. "Loan originator" has the same meaning prescribed in section  
13 6-991.

14 ~~8.~~ 11. "Mortgage broker" means a person who is not exempt under  
15 section 6-902 and who for compensation or in the expectation of compensation  
16 either directly or indirectly makes, negotiates or offers to make or  
17 negotiate a mortgage loan.

18 ~~9.~~ 12. "Mortgage loan" means a loan secured by a mortgage or deed of  
19 trust or any lien interest on real estate located in this state created with  
20 the consent of the owner of the real estate.

21 ~~10.~~ 13. "Mortgage loan closing" means the day by which all documents  
22 relating to the mortgage loan have been executed and recorded and all monies  
23 have been accounted for under the terms of the escrow instructions.

24 14. "RESIDENTIAL MORTGAGE LOAN" MEANS A MORTGAGE LOAN THAT HAS SECURITY  
25 IN THE FORM OF A RESIDENTIAL DWELLING OF ONE TO FOUR UNITS.

26 Sec. 3. Section 6-903, Arizona Revised Statutes, is amended to read:

27 6-903. Licensing of mortgage brokers required; qualifications;  
28 application; bond; fees; renewal

29 A. A person shall not act as a mortgage broker if the person is not  
30 licensed under this article. A PERSON WHO BROKERS ONLY COMMERCIAL MORTGAGE  
31 LOANS SHALL OBTAIN EITHER A MORTGAGE BROKER LICENSE OR A COMMERCIAL MORTGAGE

1       BROKER LICENSE. A PERSON WHO BROKERS RESIDENTIAL MORTGAGE LOANS SHALL OBTAIN  
2       A MORTGAGE BROKER LICENSE.

3               B. The superintendent shall not grant a mortgage broker's license OR A  
4       COMMERCIAL MORTGAGE BROKER'S LICENSE to a person, other than a natural  
5       person, who is not registered to do business in this state on the date of  
6       granting the license.

7               C. An applicant for an original mortgage broker's license shall:

8               1. Have not less than three years' experience as a mortgage broker,  
9       or equivalent lending experience in a related business during the five years  
10      immediately preceding the time of application.

11              2. Have satisfactorily completed a course of study approved by the  
12      superintendent during the three years immediately preceding the time of  
13      application.

14              3. Have passed a mortgage broker's test, pursuant to section 6-908,  
15      not more than one year before the granting of the license.

16              D. AN APPLICANT FOR AN ORIGINAL COMMERCIAL MORTGAGE BROKER'S LICENSE  
17      SHALL:

18              1. HAVE NOT LESS THAN THREE YEARS' EXPERIENCE IN THE COMMERCIAL  
19      MORTGAGE BROKER BUSINESS OR EQUIVALENT LENDING EXPERIENCE IN A RELATED  
20      BUSINESS DURING THE FIVE YEARS IMMEDIATELY PRECEDING THE TIME OF APPLICATION.

21              2. HAVE MADE IN THE PAST OR INTEND TO MAKE OR NEGOTIATE OR OFFER TO  
22      MAKE OR NEGOTIATE COMMERCIAL MORTGAGE LOANS.

23              3. PROVIDE THE SUPERINTENDENT WITH THE FOLLOWING:

24              (a) A BALANCE SHEET PREPARED WITHIN THE IMMEDIATELY PRECEDING SIX  
25      MONTHS AND CERTIFIED BY THE LICENSEE. THE SUPERINTENDENT MAY REQUIRE A MORE  
26      RECENT BALANCE SHEET.

27              (b) IF THE APPLICANT HAS BEGUN OPERATIONS, A STATEMENT OF OPERATIONS  
28      AND RETAINED EARNINGS AND A STATEMENT OF CHANGES IN FINANCIAL POSITION.

29              (c) NOTES TO THE FINANCIAL STATEMENT IF APPLICABLE.

30              E. NOTWITHSTANDING SUBSECTION D, PARAGRAPH 4 OF THIS SECTION,  
31      COMMERCIAL MORTGAGE BROKER LICENSEES AND COMMERCIAL MORTGAGE BROKER LICENSE  
32      APPLICANTS WHOSE OWN RESOURCES ARE DERIVED EXCLUSIVELY FROM CORRESPONDENT

1       CONTRACTS WITH INSTITUTIONAL INVESTORS SHALL PROVIDE THE SUPERINTENDENT WITH  
2       A CURRENT FINANCIAL STATEMENT OR THAT OF ITS PARENT COMPANY PREPARED  
3       ACCORDING TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, INCLUDING:

4             1. A BALANCE SHEET PREPARED WITHIN THE IMMEDIATELY PRECEDING SIX  
5       MONTHS AND CERTIFIED BY THE LICENSEE. THE SUPERINTENDENT MAY REQUIRE A MORE  
6       RECENT BALANCE SHEET.

7             2. IF THE APPLICANT HAS BEGUN OPERATIONS, A STATEMENT OF OPERATIONS  
8       AND RETAINED EARNINGS AND A STATEMENT OF CHANGES IN FINANCIAL POSITION.

9             3. NOTES TO THE FINANCIAL STATEMENT IF APPLICABLE.

10       ~~F.~~ F. A person shall make an application for a license or for a  
11       renewal of a license in writing on the forms, in the manner and accompanied  
12       by the information prescribed by the superintendent. The superintendent may  
13       require additional information on the experience, background, honesty,  
14       truthfulness, integrity and competency of the applicant and any responsible  
15       individual designated by the applicant. If the applicant is a person other  
16       than a natural person, the superintendent may require information as to the  
17       honesty, truthfulness, integrity and competency of any officer, director,  
18       shareholder or other interested party of the association, corporation or  
19       group.

20       ~~D.~~ G. The nonrefundable application fee and annual renewal fee are as  
21       prescribed in section 6-126. The nonrefundable application fee shall  
22       accompany each application for an original license only. The superintendent  
23       shall deposit, pursuant to sections 35-146 and 35-147, the monies in the  
24       state general fund.

25       ~~E.~~ H, If a licensee is a person other than a natural person, the  
26       license issued to it entitles all officers, directors, members, partners,  
27       trustees and employees of the licensed corporation, partnership, association  
28       or trust to engage in the mortgage business if one officer, director, member,  
29       partner, employee or trustee of the person is designated in the license as  
30       the individual responsible for the person under this article. If a licensee  
31       is a natural person, the license entitles all employees of the licensee to  
32       engage in the mortgage business. If the natural person is not a resident of



1       this state, an employee of the licensee shall be designated in the license as  
2       the individual responsible for the licensee under the provisions of this  
3       article. For the purposes of this subsection, an employee does not include an  
4       independent contractor. A responsible individual shall be a resident of this  
5       state, shall be in active management of the activities of the licensee  
6       governed by this article and shall meet the qualifications set forth in  
7       subsection ~~B~~ C OR D of this section for a licensee.

8           ~~F~~. I. A licensee shall notify the superintendent that its responsible  
9       individual will cease to be in active management of the activities of the  
10      licensee within ten days of learning that fact. The licensee has ninety days  
11      after the notification is received by the superintendent within which to  
12      replace the responsible individual with a qualified replacement and to so  
13      notify the superintendent. If the license is not placed under active  
14      management of a qualified responsible individual and if notice is not given  
15      to the superintendent within the ninety day period, the license of the  
16      licensee expires.

17          ~~G~~. J. Every person licensed as a mortgage broker OR A COMMERCIAL  
18      MORTGAGE BROKER shall deposit with the superintendent, before doing business  
19      as a mortgage broker OR A COMMERCIAL MORTGAGE BROKER, a bond executed by the  
20      licensee as principal and a surety company authorized to do business in this  
21      state as surety. The bond shall be conditioned on the faithful compliance of  
22      the licensee, including the licensee's directors, officers, members,  
23      partners, trustees and employees, with this article. The bond is payable to  
24      any person injured by the wrongful act, default, fraud or misrepresentation  
25      of the licensee or the licensee's employees and to this state for the benefit  
26      of the person injured. Only one bond is required for any person, firm,  
27      association or corporation irrespective of the number of officers, directors,  
28      members, partners or trustees who are employed by or are members of such  
29      firm, association or corporation. No suit may be commenced on the bond after  
30      the expiration of one year following the commission of the act on which the  
31      suit is based, except that claims for fraud or mistake are limited to the  
32      limitation period provided in section 12-543, paragraph 3. If an injured

1 person commences an action for a judgment to collect from the bond, the  
2 injured person shall notify the superintendent of the action in writing at  
3 the time of the commencement of the action and shall provide copies of all  
4 documents relating to the action to the superintendent on request.

5 ~~H.~~ K. The bond required by this section shall be ten thousand dollars  
6 for licensees whose investors are limited solely to institutional investors,  
7 and fifteen thousand dollars for licensees whose investors include any  
8 noninstitutional investors.

9 ~~I.~~ L. For the purposes of subsection ~~H.~~ K of this section:

10 1. "Institutional investor" means a state or national bank, a state or  
11 federal savings and loan association, a state or federal savings bank, a  
12 state or federal credit union, a federal government agency or  
13 instrumentality, a quasi-federal government agency, a financial enterprise, a  
14 licensed real estate broker or salesman, a profit sharing or pension trust,  
15 or an insurance company.

16 2. "Investor" means any person who directly or indirectly provides to  
17 a mortgage broker funds that are, or are intended to be, used in the making  
18 of a loan, and any person who purchases a loan, or any interest therein, from  
19 a mortgage broker or in a transaction that has been directly or indirectly  
20 arranged or negotiated by a mortgage broker.

21 ~~J.~~ M. Notwithstanding section 35-155, in lieu of the bond described  
22 in this section, an applicant for a license or a licensee may deposit with  
23 the superintendent a deposit in the form of cash or alternatives to cash in  
24 the same amount as the bond required under subsection ~~G.~~ J of this  
25 section. The superintendent may accept any of the following as an  
26 alternative to cash:

27 1. Certificates of deposits or investment certificates that are  
28 payable or assigned to the state treasurer, issued by banks or savings banks  
29 doing business in this state and fully insured by the federal deposit  
30 insurance corporation or any successor institution.

31 2. Certificates of deposit, investment certificates or share accounts  
32 that are payable or assigned to the state treasurer, issued by a savings and

1 loan association doing business in this state and fully insured by the  
2 federal deposit insurance corporation or any successor institution.

3 3. Certificates of deposit, investment certificates or share accounts  
4 that are payable or assigned to the state treasurer, issued by a credit union  
5 doing business in this state and fully insured by the national credit union  
6 administration or any successor institution.

7 ~~K.~~ N. The superintendent shall deposit the cash or alternatives to  
8 cash received under this section with the state treasurer. The state  
9 treasurer shall hold the cash or alternatives to cash in the name of this  
10 state to guarantee the faithful performance of all legal obligations of the  
11 person required to post bond pursuant to this section. The person is  
12 entitled to receive any accrued interest earned from the alternatives to  
13 cash. The state treasurer may impose a fee to reimburse the state treasurer  
14 for administrative expenses. The fee shall not exceed ten dollars for each  
15 cash or alternatives to cash deposit and shall be paid by the applicant or  
16 licensee. The state treasurer may prescribe rules relating to the terms and  
17 conditions of each type of security provided by this section.

18 ~~L.~~ O. In addition to such other terms and conditions as the  
19 superintendent prescribes by rule or order, the principal amount of the  
20 deposit shall be released only on written authorization of the superintendent  
21 or on the order of a court of competent jurisdiction. The principal amount  
22 of the deposit shall not be released before the expiration of three years  
23 from the first to occur of any of the following:

- 24 1. The date of substitution of a bond for a cash alternative.
- 25 2. The surrender of the license.
- 26 3. The revocation of the license.
- 27 4. The expiration of the license.

28 ~~M.~~ P. A licensee or an employee of the licensee shall not advertise  
29 for or solicit mortgage business in any manner without using the name and  
30 license number as issued on the mortgage broker's principal place of business  
31 license, except that a licensee may employ or refer to the commonly used name  
32 and any trademarks or service marks of any affiliate. If a license is issued

1 in the name of a natural person, nothing in the advertising or solicitation  
2 may imply the license is in the name of another person or entity. For the  
3 purposes of this subsection, "advertise" does not include business cards,  
4 radio and television advertising directed at national or regional markets and  
5 promotional items except if those items contain rates or terms on which a  
6 mortgage loan may be obtained.

7 ~~N.~~ Q. A licensee shall not employ any person unless the licensee:

8 1. Conducts a reasonable investigation of the background, honesty,  
9 truthfulness, integrity and competency of the employee before hiring.

10 2. Keeps a record of the investigation for not less than two years  
11 after termination.

12 ~~O.~~ R. A license is not transferable or assignable and control of a  
13 licensee may not be acquired through a stock purchase or other device without  
14 the prior written consent of the superintendent. Written consent shall not  
15 be given if the superintendent finds that any of the grounds for denial,  
16 revocation or suspension of a license as set forth in section 6-905 are  
17 applicable to the acquiring person. For the purposes of this subsection,  
18 "control" means the power to vote more than twenty per cent of outstanding  
19 voting shares of a licensed corporation, partnership, association or trust.

20 ~~P.~~ S. The licensee is liable for any damage caused by any of the  
21 licensee's employees while acting as an employee of the licensee.

22 ~~Q.~~ T. A licensee shall comply with the requirements of section 6-114  
23 relating to balloon payments.

24 ~~R.~~ U. The examination and course of study requirements of this  
25 section shall be waived by the superintendent for any person applying for a  
26 license who, within the six months immediately prior to the submission of the  
27 application, has been a licensee or a responsible person pursuant to this  
28 chapter.

29 ~~S.~~ V. If the applicant for renewal of a mortgage broker license is a  
30 natural person, the applicant shall have satisfactorily completed twelve  
31 continuing education units by a continuing education provider approved by the  
32 superintendent before submitting the renewal application. If the applicant

1 is other than a natural person, the designated responsible individual shall  
2 have satisfactorily completed twelve continuing education units by a  
3 continuing education provider approved by the superintendent before  
4 submitting the renewal application. **AN APPLICANT FOR RENEWAL OF A COMMERCIAL**  
5 **MORTGAGE BROKER LICENSE IS NOT SUBJECT TO THE CONTINUING EDUCATION**  
6 **REQUIREMENTS PRESCRIBED BY THIS ARTICLE.**

7 ~~F.~~ W. A licensee who employs a loan originator shall comply with  
8 section 6-991.03.

9 Sec. 4. Section 6-904, Arizona Revised Statutes, is amended to read:

10 **6-904. Issuance of license; renewal; inactive status; branch**  
11 **office license; application; fee**

12 A. The superintendent, on determining that the applicant is qualified  
13 and has paid the fees, shall issue a mortgage broker's license **OR A**  
14 **COMMERCIAL MORTGAGE BROKER'S LICENSE** to the applicant which is evidenced by a  
15 continuous certificate. The superintendent shall grant or deny a license  
16 within one hundred twenty days after receipt of the completed application and  
17 fees. An applicant who has been denied a license may not reapply for such a  
18 license before one year from the date of the previous application.

19 B. For licenses approved on or before September 30, 2008, a licensee  
20 shall pay the renewal fee on or before September 30, 2008 and on or before  
21 December 31 for subsequent years beginning on or before December 31,  
22 2009. Licenses not renewed by September 30, 2008 are suspended, and the  
23 licensee shall not act as a mortgage broker **OR A COMMERCIAL MORTGAGE BROKER**  
24 until the license is renewed or a new license is issued pursuant to this  
25 article. A person may renew a suspended license by paying the renewal fee  
26 plus twenty-five dollars for each day after September 30, 2008 that a license  
27 renewal fee is not received by the superintendent and making application for  
28 renewal as prescribed by the superintendent. Licenses which are not renewed  
29 by October 31, 2008 expire. A license shall not be granted to the holder of  
30 an expired license except as provided in this article for the issuance of an  
31 original license.

1           C. For licenses approved on or before September 30, 2008, a licensee  
2 may request inactive status on or before September 30, 2008 for the following  
3 license year, and the license shall be placed on inactive status after  
4 payment to the superintendent of the inactive status renewal fee prescribed  
5 in section 6-126, subsection C and the surrender of the license to the  
6 superintendent. During inactive status, an inactive licensee is not required  
7 to maintain a bond and shall not act as a mortgage broker OR A COMMERCIAL  
8 MORTGAGE BROKER. A licensee may not be on inactive status for more than two  
9 consecutive years, nor for more than four years in any ten year period. The  
10 license is deemed expired on violation of any of the limitations of this  
11 subsection.

12           D. For licenses approved after or renewed on September 30, 2008, a  
13 licensee shall pay the renewal fee on or before December 31, 2009 and on or  
14 before December 31 of each subsequent year. Licenses not renewed by December  
15 31 are suspended, and the licensee shall not act as a mortgage broker OR A  
16 COMMERCIAL MORTGAGE BROKER until the license is renewed or a new license is  
17 issued pursuant to this article. A person may renew a suspended license by  
18 paying the renewal fee plus twenty-five dollars for each day after December  
19 31 that a license renewal fee is not received by the superintendent and  
20 applying for renewal as prescribed by the superintendent. A license that is  
21 not renewed by January 31 expires. A license shall not be granted to the  
22 holder of an expired license except as provided in this article for the  
23 issuance of an original license.

24           E. For licenses approved after or renewed on September 30, 2008,  
25 beginning in 2009 and each subsequent year, a licensee may request inactive  
26 status for the following license year if the licensee makes the request on or  
27 before December 31. The license shall be placed on inactive status after the  
28 licensee pays to the superintendent the inactive status renewal fee  
29 prescribed in section 6-126, subsection C and surrenders the license to the  
30 superintendent. During inactive status, an inactive licensee is not required  
31 to maintain a bond and shall not act as a mortgage broker OR A COMMERCIAL  
32 MORTGAGE BROKER. A licensee may not be on inactive status for more than two

1 consecutive years or for more than four years in any ten year period. The  
2 license expires on violation of this subsection.

3 F. An inactive licensee may return to active status notwithstanding  
4 the requirements of section 6-903, ~~subsection~~ SUBSECTIONS B- C AND D by  
5 making a written request to the superintendent for reactivation and paying  
6 the prorated portion of the annual assessment that would have been charged to  
7 the licensee. The licensee shall also provide the superintendent with proof  
8 that the licensee meets all of the other requirements for acting as a  
9 mortgage broker OR A COMMERCIAL MORTGAGE BROKER, including required bond  
10 coverage or the deposit of a cash alternative.

11 G. A licensee shall prominently display the mortgage broker license OR  
12 COMMERCIAL MORTGAGE BROKER LICENSE in the office of the mortgage broker OR  
13 COMMERCIAL MORTGAGE BROKER.

14 H. Every licensed mortgage broker AND LICENSED COMMERCIAL MORTGAGE  
15 BROKER shall designate and maintain a principal place of business in this  
16 state for the transaction of business. The license shall specify the address  
17 of the licensee's principal place of business. If a licensee wishes to  
18 maintain one or more locations in addition to a principal place of business,  
19 the licensee shall first obtain a branch office license from the  
20 superintendent and designate a person for each branch office to oversee the  
21 operations of that office. The licensee shall submit a fee as set forth in  
22 section 6-126 for each branch office license. If the superintendent  
23 determines that the applicant is qualified, the superintendent shall issue a  
24 branch office license indicating the address of the branch office. The  
25 licensee shall conspicuously display the branch office license in the branch  
26 office. If the address of the principal place of business or of any branch  
27 office is changed, the licensee shall immediately notify the superintendent  
28 of the change and the superintendent shall endorse the change of address on  
29 the license for a fee as prescribed in section 6-126.

30 Sec. 5. Section 6-991.01, Arizona Revised Statutes, is amended to  
31 read:

1           6-991.01. Exemptions

2           This article does not apply to:

3           1. A natural person employed by a person who does business under any  
4 other law of this state, or law of another state while regulated by an  
5 agency of the other state or the United States, relating to banks, savings  
6 banks, trust companies, savings and loan associations, profit sharing and  
7 pension trusts, credit unions, insurance companies or consumer lenders, or  
8 receiverships, including directly or indirectly making, negotiating or  
9 offering to make or negotiate a mortgage loan, if the mortgage transactions  
10 are regulated by the other law or are under the jurisdiction of a court.  
11 Employees of subsidiaries and service corporations of these institutions are  
12 exempt and are not subject to this article if preempted by federal law.

13           2. A person who is licensed pursuant to article 1, 2 or 3 of this  
14 chapter.

15           3. A person who is a responsible individual as described in section  
16 6-903 and who does not act as a loan originator pursuant to article 1, 2 or 3  
17 of this chapter.

18           4. An employee of a commercial mortgage banker licensed pursuant to  
19 article 3 of this chapter.

20           5. An employee of a person licensed pursuant to this chapter if the  
21 licensee affirms in writing to the superintendent that the licensee will not  
22 make or negotiate a mortgage loan that has security in the form of a  
23 residential dwelling of one to four units.

24           6. A person who, as seller of real property, receives one or more  
25 mortgages or deeds of trust as security for a purchase money obligation.

26           7. Any entity subject to regulation and supervision by a federal  
27 banking agency, and any operating subsidiary or affiliate of the foregoing,  
28 including any employee or exclusive agent of any such entity.

29           8. AN EMPLOYEE OR THE PERSON WHO IS THE RESPONSIBLE INDIVIDUAL OF A  
30 FINANCIAL INSTITUTION WHO IS LICENSED PURSUANT TO ARTICLE 1, 2 OR 3 OF THIS  
31 CHAPTER IF THE RESPONSIBLE INDIVIDUAL CERTIFIES IN WRITING TO THE  
32 SUPERINTENDENT THAT THE EMPLOYEE OR THE RESPONSIBLE INDIVIDUAL, OR BOTH THE



- 1           EMPLOYEE AND THE RESPONSIBLE INDIVIDUAL, WILL ONLY ORIGINATE COMMERCIAL
- 2           MORTGAGE LOANS AS DEFINED IN SECTION 6-901."
- 3   Amend title to conform

NANCY McLAIN

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